

California Sales and Use Tax Relief for Small Businesses Due to COVID-19

PRACTICE AREAS

State & Local Tax
Tax

April 6, 2020

By executive order of California Governor Gavin Newsom on March 30, 2020, the California Department of Tax and Fee Administration (“CDTFA”) has provided a 90-day extension (to July 31) for small businesses to file their first-quarter sales and use tax return (originally due April 31). The extension applies to any business filing a return for less than \$1 million in tax due. Qualifying businesses will not be required to file a request for extension or request for relief from penalty and interest. Taxpayers with liability in excess of \$1 million may still request an extension if unable to file and pay timely; requests are evaluated on a case by case basis.

Small Business Taxpayer Deferral of Sales and Use Tax

By executive order of Governor Newsom on April 2, 2020, the CDTFA announced that small business taxpayers may defer payment of sales and use taxes of up to \$50,000 for up to 12 months. A qualifying “small business” is one with less than \$5 million in taxable annual sales. Qualifying taxpayers will pay their tax due in 12 equal monthly installments, and no penalty or interest will be assessed. As of the date of this publication, the CDTFA has stated that payment plan requests will be available through the online services system “in the coming months.”

Additional Resources

For further information regarding California sales and use tax relief, please visit the CDTFA’s [COVID-19 State of Emergency](#) page online, which is updated as new information becomes available.

For further information regarding sales and use tax extensions and/or deferrals in other jurisdictions, please visit the applicable state(s) Department of Revenue homepage, as well as the [AICPA’s summary of state tax filings due to](#)

[COVID-19](#), which is updated frequently.